



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0231	Title:	Tax reform study committee
Primary Sponsor:	Tropila, Joseph (Joe)	Status:	As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$360,793	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$360,793)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact:

As amended, SB 231 establishes an 18-member tax reform committee charged with conducting a comprehensive examination of taxation in Montana.

FISCAL ANALYSIS

Assumptions:

1. The tax reform committee will be composed of eight legislative members and ten members appointed by the Governor. Appointments must be made by July 1, 2007.
2. The committee will meet ten times during the 16-month period between July 2007 and October 2008. The committee will complete its work and submit a written report not later than November 1, 2008.
3. For the purposes of this fiscal note, it is assumed the committee will be attached to the legislative services division (LSD) and primary support for committee activities will be provided by the division.
4. A contracted services budget of \$125,000 would enable the committee to engage various topic experts.
5. In addition, and in lieu of the Department of Revenue (DOR) cost described in the original fiscal note #9, a contracted services budget of \$150,000 (\$100/hr x 1500 hours) would enable the committee to contract for expert tax policy analysis.

6. The division will contract for secretarial support at a cost of \$7,500.
7. Operational costs, including printing, postage, and supplies, will total \$7,383.
8. Reimbursement of expenses to non-legislative members of the committee is anticipated to cost \$31,782; \$39,128 is included for compensation and reimbursement of legislative members of the committee.
9. Staff assistance required from other state agencies will be provided from within existing budgets.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$13,703	\$0	\$0	\$0
Operating Expenses	\$347,090	\$0	\$0	\$0
TOTAL Expenditures	\$360,793	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$360,793	\$0	\$0	\$0
TOTAL Funding of Exp.	\$360,793	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$360,793)	\$0	\$0	\$0

Technical Notes:

1. The bill does not attach the committee to a state agency and the assumption that it would default to the LSD is not accurate without language to that effect. Fiscal note calculations are based on the assumption the committee will be attached to the legislative services division. However, the study committee could be attached to either the LSD or the Department of Revenue (DOR)--the fiscal note would be similar as either entity would contract for staff to accomplish the study. Reference should be made to 2-15-121, MCA.
2. Under Joint Rule 40-65, "A bill including a request for an interim study may not be transmitted to the Governor unless the bill contains an appropriation sufficient to conduct the study." An appropriation for SB 231 must be amended into the bill before it can be transmitted to the Governor.
3. Access to DOR tax information is statutorily authorized for the Legislative Services and Legislative Fiscal Divisions. Even though statute provides for access, there have been difficulties in reaching agreement on the type of data available which may impede any study.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date